



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: February 20, 2008

TO: Members of the Senate Committee on Health, Human Services, Insurance, and Job Creation

FROM: Bob Conlin, Deputy Secretary (608-261-7940)

SUBJECT: 2007 Senate Bill 336, Membership on Group Insurance Board

The Department of Employee Trust Funds opposes 2007 Senate Bill 336 (SB 336).

- The Group Insurance Board is responsible for providing, on behalf of the state, group health insurance plans for state employees, local public employees and retired public employees.
- Currently, the Group Insurance Board consists of 11 members. Five of the members are ex-officio (the Governor, the Attorney General, the Secretary of Administration, the Director of Employment Relations, and the Commissioner of Insurance or their designees): The remaining six members are appointed by the Governor, four of whom must be participating in the Wisconsin Retirement System in some capacity.
- SB 336 would expand the membership by two members and require that each of the state's congressional districts be "represented" on the Group Insurance Board by a resident of the congressional district.
- The Group Insurance Board is a board of trustees. They are fiduciaries. Under current law, they must act solely for the benefit of all the beneficiaries of the trust fund and may take any action not otherwise specifically prohibited to carry out the intent and purposes of the group insurance plans. Members do not, and cannot, represent a particular area, ideology or group. Representing an area, ideology or group would conflict with their fiduciary obligations of impartiality and loyalty to all members rather than a particular constituency.
- At a time when the Board is challenged to find ways to hold down the cost of providing health benefits for public employees, difficult decisions regarding benefits, providers and premiums need to be made. Those decisions may affect employees around the state. The Board and the Department have been successful in doing this with, among other things, the tiering model that the Legislature helped us initiate.
- This model puts tremendous pressure on health plans to provide the best value for the state's dollar. Sometimes it causes plans to reconfigure their provider networks in an effort to improve value and eliminate inefficiency. This is what happened in West-Central Wisconsin this past fall and is the primary reason SB 336 is before you.
- The Department believes that changing the composition of the Board in reaction to occasional employee dissatisfaction with difficult decisions that the Board makes is sending the wrong message. It will discourage the Board from focusing on the prudent, long-term management of the plans and will instead cause them to seek to please everyone in the short term. This will decrease the effectiveness of the tiering system and will result in increased costs to the state, its employees and retirees.

ETF respectfully requests that you take no further action on SB 336.

Testimony of Chancellor Don Betz
Given by Vice Chancellor Mary Halada
February 20, 2008
Senate Bill 336

Committee on Health, Human Services, Insurance, and Job Creation

Chair Erpenbach, members of the committee....I am Mary Halada, Vice Chancellor of UW-River Falls. I am representing Chancellor Don Betz whose schedule unfortunately did not allow him to speak with you today. I am here, along with my colleagues from the University, to urge you to pass Senate Bill 336. This legislation affects not only 590 faculty and staff at UWRF, but all state employees in Pierce and St. Croix counties. The bill has a very simple premise: to provide regional representation on the Group Insurance Board, which oversees the Employee Trust Fund.

One voice is missing, and it has been absent for some time. During this past Dual Choice period of sign-up for state health insurance options, all state employees in our region were subjected to unreasonable uncertainty about our health care choices. Even to this day—some six months after we received the first signal that our options would undergo radical change—we are still grappling on a daily basis with the uncertainties of who are our health care providers, where we must go to find them, and whether those with acute and chronic illnesses will be allowed continuing health care coverage under their previous physicians.

In November, we were provided with three choices: subscribe to Tier I Humana Premier West, which did not provide access to Minnesota health care providers, and even at that late date there was confusion about access to clinics and hospitals in River Falls and Hudson. Tier II, Anthem, provided a very similar network, but at a higher cost. Tier

III, the Standard Plan provided by Wisconsin Physicians Service, provides access to Minnesota health care providers, but at five times the cost as Tier 1.

Ladies and Gentlemen, UWRF is located within the metropolitan area of Minneapolis-St. Paul. Downtown St. Paul is just 25 minutes away. The Minnesota metropolitan area consists of 2.5 million people, and offers an exceptional range of health care options one would expect for that size of population.

Unless state employees are willing to pay an extremely high premium—\$358 per month—they are confined to western Wisconsin. With a 10-county region of just 365,000 persons, our health care options are substantially less and often distant from us.

My colleagues who are here to testify will put a very human face on what this means to them and their families. Linda Jacobson will tell of her family's struggle to find the appropriate psychiatric care for her adopted twin sons. There are no specialists within 75 miles in Wisconsin who might be able to assist her. Deborah Johnson will tell you about the challenge her family is confronted with as a result of her husband's transplant. To pay the Tier III premium, she is seeking a second job. Her state salary is insufficient to cover her share of the premium; but to forgo WPS would be courting economic disaster. Wendy Penny will tell you of her son's acute asthma. She was forced to change health care tiers because of the cost. There is no pediatrician who can treat her son in Wisconsin within 100 miles of River Falls. Kris Allen was not able to be here, but has provided written testimony to tell you of her struggle to overcome liver cancer. Thankfully, she is in remission. It would be a risky gamble for her to not carry Tier III, which is a financial struggle for her family.

We are telling you these human stories, because that human equation has been missing in our extensive discussions with ETF about our health care options. The problems we encountered this year are especially acute. However, this is not the first year we've experienced reluctance on the part of ETF to acknowledge our unique circumstances due to our proximity to the Twin Cities.

If you were to hold a poll among faculty and staff at UWRF, you would receive nearly a unanimous reply that ETF has failed to be our advocate on seeking out reliable, effective, accessible health care. Our concerns that we shared with ETF were met with annoyance and disinterest. In our conversations with ETF, we were told that 80% of the employees are in southern Wisconsin, and that's where they put their focus. I ask that you listen to those who are testifying today, and decide for yourself whether these folks deserve the same healthcare options as staff in Madison, Milwaukee and on other UW campuses.

Over the past four plus months, we have applied as much pressure as possible to ETF to provide resolution to our issues. You are likely to hear from them that some progress is being made as Humana West seeks to expand network providers and include some in the Twin Cities. Some of this has happened, although we don't yet know specifics. This is good news. Unfortunately, health plan choices had to be made prior to January 1 and staff are now committed for twelve months.

My concern is also for the long-term. What happens to UWRF employees in the years ahead, should we fall off ETF's radar screen again? Who will be our advocate? I urge you to give west-central Wisconsin a voice on the Group Insurance Board by approving this request for regional representation. Several years ago we nominated Gary

Rohde, former Wisconsin Secretary of the Department of Agriculture for a Group Insurance Board position, however, there was no response. As state employees we have the right to expect the same consideration as employees in Madison, Milwaukee, Green Bay or Platteville.

Thank you. I'll be happy to answer any questions you may have.

Testimony of Kristen Allen
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

My name is Kristen Allen; I am an employee of the University of Wisconsin. Although I am unable to attend the hearing today, I appreciate the opportunity to enter my comments into the record in support of Senate Bill 336 that changes the make-up of the Group Insurance Board.

I am a seventeen-year resident of Pierce County. For the past five years I have been fortunate, and proud, to work at the University of Wisconsin-River Falls as an Outreach Program Manager. I have been involved, over the years, with a variety of community groups and activities and I recognize the positive influence that the university has as an employer, as an educational institution, and as a critically important player in economic, cultural, and social life of the region.

Last spring I was diagnosed with advanced ovarian cancer, which required prompt attention in the form of major surgery. The surgery and the subsequent chemotherapy were done by gynecologic oncology specialists. The hospital and clinic where I was initially, and continue to be, treated are Methodist Hospital and Mayo Clinic in Rochester, Minnesota. At the time of my diagnosis, they were within my health insurance plan. My local doctor did not hesitate to recommend them and, in fact, he told me that, were it his wife, that is where he would take her.

The five-year prognosis for ovarian cancer patients depends heavily on the ability of the surgeon to remove all visible signs of cancer and the responsiveness of the remaining (microscopic) cancer to chemotherapy. I firmly believe that my current good prognosis is almost entirely the result of the care and treatment I received and the speed with which I received it. Had I been treated by physicians with less experience in gynecologic surgery and oncology, or had I had to wait weeks for a referral to a specialist, I

might not be submitting this testimony.

Ovarian cancer, especially when diagnosed in later stages, has a high recurrence rate. For the next five years, I will have regular exams, tests, and scans to check for cancer. If it returns, I will again need targeted chemotherapy. I hope that this scenario does not happen, but if it does, I want access to the gynecologic oncology team that has seen me through the initial treatment and who have the best knowledge of my particular disease path. Throughout my treatment, and now during monitoring, I have had confidence that my health care is in the hands of physicians with experience and resources relevant to my disease. I would guess that if you, or your wife, daughter, mother, or sister faced the same diagnosis, you would want the same treatment choices.

Last fall, our health insurance options were changed. We were offered a different set of health care plans than had been available to us in 2007. The options available appear to have been chosen with little regard to our geography. For River Falls residents, St. Paul and Minneapolis are our commercial service area. The Twin Cities are less than an hour's drive from River Falls. Even Rochester is only about 80 minutes by car. Yet, most of the health care plans we were offered included only a limited number, if any, health care providers in Minnesota.

I faced a difficult choice. My health plan, which had included Mayo Clinic, was no longer available. Only one of the plans available for 2008, the WSP Standard Plan, gave me access to my gynecologic oncology team at Mayo Clinic. I am thankful to have access to that plan, but the premium for a family is \$368 per month, \$218 per month more than the plan we had in 2007. This plan also has higher out-of-pocket expenses and covers fewer services than did the other plan.

After careful consideration of the options, the risks, and the costs, we chose the more expensive Standard Plan. I am fortunate to be able to make that choice; I live in a dual income household, and have

supportive families and healthy, grown children. For many of my colleagues, individuals and families with different circumstances, that choice is not financially feasible.

I am here to ask you to vote in favor of regional representation on the Group Insurance Board. Because of our geography, university employees who live and work in western Wisconsin are being unfairly penalized, when it comes to health care choices, compared to our colleagues elsewhere in the state. We must pay higher premiums and co-payments to ensure that we maintain access to specialists close-by in Minnesota, or we must travel further to see specialists in Wisconsin, or we forgo access to specialists and rely on local physicians who generally do not have a comparable level of experience with specific diseases. We need someone on the board who understands our geographic and economic situation and who can represent us in negotiations that have a significant impact on our welfare.

Like any business, our university's fortunes are linked to the quality of its human resources. I have taken what amounts to a substantial pay cut in order to maintain access to essential health care services. Just as the Twin Cities serve as the commercial center for residents in western Wisconsin, so they also serve as a major employment area. If we continue to ignore those geographic realities, we will lose our best human resources, both current and future, to organizations across the border that pay more and offer access to a better array of benefits. I believe such losses would leave our university, our communities, and our state much poorer.

Thank you again for the opportunity to submit my testimony on this important issue to the committee. I urge you to make every effort to ensure that the Group Insurance Board includes members who understand the geographic and economic realities of all regions of the state.

Testimony of Wendy Penny
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

Senator Ehrpenbach, members of the committee, good morning. My name is Wendy Penny and I am a classified employee at the University of Wisconsin – River Falls. This is my son, Dylan. Dylan is 9 years old. About two years ago, Dylan was diagnosed with Asthma. Prior to his diagnosis, as a family with few major health concerns, we doctored in our hometown of River Falls as this was convenient and met our needs. Dylan began having problems when he was just 6 years old. He would frequently have colds, sinus conditions and just be worn out. We continued to doctor with our family physician in River Falls for the next year, continually being told he had a cold or a sinus infection, resulting in numerous prescription antibiotics. In the fall of 2005, Dylan's symptoms worsened and we began to be a bit more aggressive with the doctors. Within the week and a half prior to his diagnosis he saw five doctors, including an Ear Nose and Throat specialist, and radiologist for a scan of his sinuses. The morning of his diagnosis he woke up and told me he couldn't catch his breath. I tried to brush it off and told him to get a drink of water and he'd be fine. I remember him saying to me crying "But Mom, you don't understand. My heart is beating really, really fast and I haven't even been running!" Immediately I was worried. My husband and I decided to take him to the emergency room at our local hospital. The nurse at the ER placed an oxygen monitor on his finger and listed to his breathing. There were no tests performed, no chest x-ray and I don't even recall

them taking his temperature! Subsequently we were sent home with a nasal spray and advised again that he had a cold. Once we got home and into the house, Dylan immediately vomited. I was really concerned. I knew there was something more to all of it but I just didn't know what to do at that point. I managed to get Dylan an appointment with a pediatrician in Lake Elmo, Minnesota only a 15 minute drive from our house. This pediatrician, Dr. Kelly Delahunty, immediately diagnosed that his breathing was only at 36% of a normal child's his age. His lungs were filled with fluid, but luckily pneumonia was not present. We spent the next 2 hours in that doctor's office learning that Dylan had asthma and how to care for him. She put him on a strict asthma regimen to get his breathing regulated. We went home that day with a nebulizer in hand and a changed lifestyle. With the doctor checking on him daily by phone and keeping a watchful eye, we were able to get his asthma under control. Over the past two years, Dr. Delahunty has had Dylan on a strict asthma regimen controlled by daily medications and knowledge of what it is to live with asthma. Dylan has become very comfortable with this doctor and has come to trust that she can indeed help him.

You may have read a recent article on the front page of the St. Paul Pioneer Press that told Dylan's story as an illustration of the problems UWRF employees are now experiencing. On January 2nd, I learned first hand how these changes directly affected my child. Dylan began having asthmatic problems on New Year's Eve. We treated him at home as we have done many times in the past. His condition worsened and on January 2nd I called Humana to obtain the name

of a pediatrician who would be covered on our plan as Dr. Delahunty was not included in the new network. The nearest pediatrician they could refer me to was over 100 miles away. I asked the Humana customer service representative if I could get a referral for Dylan to see Dr. Delahunty. I also advised the customer service representative that back in October of 2007, when we first learned of Humana's changes, I had contacted both Humana and my doctor's billing departments attempting to get Dr. Delahunty on the network. My contact at the doctor's office has told me that she has submitted the paperwork twice to Humana. The Humana customer service representative advised they would be unable to give me a referral because they did not show any such paperwork had been initiated.

My choices were either to take Dylan to our local clinic and see a physician assistant or go to the Marshfield Clinic, 145 miles away. Unable to risk driving Dylan that kind of distance, I took him to see the physician assistant in our hometown of River Falls. I found myself having to educate the PA and tell him exactly what Dylan needed, a steroid to open his lungs.

Ironically 8 days after this story ran on the front page of the St. Paul Pioneer Press, I received a call from a Humana customer service representative who wanted to let me know that I could set any future appointments with his long time pediatrician, Dr. Delahunty. The Humana representative stated that the paperwork had been received to get Dylan's doctor on the network and would be expedited, including all three of her offices, or any of her partner physicians. I also was given permission to take him to Children's hospital in St. Paul,

Minnesota, 30 minutes from our home. Humana would accommodate all referrals for him. I now carry the Humana customer service representative's direct phone number in my purse and will need to contact her for each of Dylan's visits to see Dr. Delahunty.

I do question if this was a result of the St. Paul Pioneer Press article. Although I am very grateful to have these exceptions, why is it ok for Dylan and not his younger brother or my co-workers? Much time and energy has been spent in trying to get quality health care for ourselves and our families. Today we are asking for your support in obtaining representation that will allow us to have the same level of health care in our major metropolitan area as our fellow state employees in all of Wisconsin.

Thank you for your time.



Office of Human Resources • 216 North Hall • (715) 425-3518 • Fax (715) 425-3365 • www.uwrf.edu/hr/

Testimony of Kathy Young

February 20, 2008

Senate Bill 336

Committee on Health, Human Services, Insurance, and Job Creation

Senator Ehrpenbach, committee members, thank you for taking my testimony today on Senate Bill 336. My name is Kathy Young, I work in the Human Resources office at UW- River Falls, and one of my key tasks is employee insurance.

My responsibilities include assisting our employees in getting answers to their health care coverage questions. I have the unfortunate duty to tell you that this consumes the majority of my day, every day. It requires my HR colleagues to also respond to numerous requests for assistance. I can honestly tell you, not a day passes free of concern.

More than two months into our health care year, our employees are still confused as to who will provide service to them. Where can they find that service? Will their policy cover them?

A constant question is whether a physician who treats a UWRF employee at the River Falls Clinic will be covered by Humana Western, our Tier I provider. The clinic and hospital are part of their network. But most of their specialists are from their affiliated hospital in the Twin Cities (United Hospital for River Falls Hospital and Regions Hospital for Hudson). The reality is they may not be covered.

The uncertainty is still so dramatic that it presents problems for the River Falls Emergency Medical Services. EMTs worry about the financial consequences when responding to an emergency and transporting a patient they know is from UWRF. Can they take the patient to the hospital; what if the injury requires transport to a Twin Cities hospital? Will it be covered?

The confusion and worry about health care options last November caused 258 UWRF employees to change carriers. In a normal year we have averaged 20 changes.

Those changes have caused higher premiums to many employees, and a significant cost to the state.

This year there are 105 UWRF employees who changed to Tier 3 to guarantee their access to Minnesota health care providers. In a time of decreasing state revenues, that will cost Wisconsin an additional \$432,558 in premiums this year.

For UWRF employees, it's an additional \$2,496 in annual premiums. This does not include out-of-pocket costs and deductibles that could add up to another \$4,000. I'll note that 14 of those employees who changed are making less than \$40,000. There is also no vision or routine dental included, so employees must pay for that themselves.

A handful of Tier 3 subscribers moved to a lower tier. But the savings to the state will be just \$22,531 this year, which is not enough to pay for even one month's cost to Wisconsin in additional Tier 3 premiums.

As well as monetary challenges, this drastic change has caused other problems as well. Every day since these changes were announced our office has been flooded with calls from employees and retirees either concerned about changes or having difficulties with their insurance provider.

Even after January 1, employees have been unable to get referral request information from Humana and have been told there is no contract with the state. If they are fortunate enough to get forms, referrals are not being responded to in the 48-72 hour time frame employees were told to expect. If they call the "Referral Line" there is no additional information available.

Anthem, the Tier 2 provider, has had computer difficulties and is unable to process new participants.

We are called daily by employees who have been told they have no coverage, or need to pick a provider, or to pick a dentist even if they were told by company representatives at our health fair and in the Dual Choice Manual that this was not necessary. Time will be the only way to tell how bills will be paid by any of the providers.

Our health care problems in 2008 are acute. But this is not the only time we have experienced significant difficulties because of our location.

In the fall of 2005, we learned the health insurance carrier for the majority of State of Wisconsin employees for 2006 had been moved from Tier 1 to Tier 2 where the increase to employee contribution more than doubled.

For 2007, Humana Western was placed in a higher Tier. However, employees had the option to enroll in SMP (State Maintenance Plan) as no other Tier 1 provider was available in Pierce/St. Croix counties. This did afford employees the opportunity to be referred to physicians in the Minneapolis/St. Paul metro area if needed by their local doctors. Unfortunately, this is no longer the case.

In 2007 Chancellor Don Betz directly asked ETF to keep the University informed as health care issues were being considered, and he specifically offered our expertise and assistance in this. There was no communication from ETF throughout the year until we learned that our Tier I option was being radically altered.

I would like to point out; this is not a "Mayo Clinic" issue as ETF is presenting it¹, in Dual Choice Enrollment Results; not in Pierce and St. Croix counties. What our concern is having the same community of care as the rest of the state, a standard we have had. There is a broad network of specialists available locally, they just happen to be based in the St. Paul/Minneapolis area. Now, instead of seeing a specialist at our local hospital, clinic, or at a location 30 to 35 miles away, we are being told we will have to go to Marshfield Clinic in Eau Claire which is 66.5 miles from campus.

For 2008, we are confronted with the numerous problems you've heard about today.

Health care issues are complicated. We all acknowledge that. But the confusion is multiplied when the agency that is to be our advocate does not take our unique geographical circumstances into consideration.

During a meeting in December coordinated by our regional legislators, ETF was asked a straightforward question: why haven't Minnesota health care programs been invited to provide health care coverage in western Wisconsin?

We still do not have a satisfactory answer to that question, nor an indication that this is being addressed.

¹ Dual Choice Enrollment Results: http://etf.wi.gov/boards/board_gib.htm pp 1-5

Here is the break down of the most notable changes and the costs associated on our campus alone:

Number of Dual Choice applications processed: 258

Employees changing from Standard Plan (3) to a lower Tier plan: 2

Savings to state: \$1,877.60 per month / \$22,531.20 per year.

Employees changing from Humana (1) to Standard Plan (3): 105

Additional cost to state: \$36,046.50 per month / \$432,558.00 per year.

**Additional cost to employee annually: \$996.00 for single coverage, \$2,496.00
for family coverage.**

***Out of the 105 changes, fourteen of those employees make an average \$33,342.00
annually.***

Senate Bill 336 will provide us with a voice on the Group Insurance Board to ensure issues like these are considered. Thank you for allowing us the opportunity to speak before you today and your consideration of this very important issue.



Office of Human Resources • 216 North Hall • (715) 425-3518 • Fax (715) 425-3365 • www.uwrf.edu/hr/

Employee Contributions 2008 (same as 2007)

	Single	Family
Tier 1	\$27.00	\$68.00
Tier 2	\$60.00	\$150.00
Tier 3*	\$143.00	\$358.00

*Standard Plan is the only plan in Tier 3

Employee Contributions 2006

	Single	Family
Tier 1	\$22.00	\$55.00
Tier 2	\$50.00	\$125.00
Tier 3*	\$100.00	\$250.00

*Standard Plan is the only plan in Tier 3